

## **NZ Reforms**

Organiser – Caroline Saunders

New Zealand reforms in 1984 are often held up as an exemplar of how to end subsidies for agricultural production. Wilfrid Legg, Caroline Saunders and Paul Dalziel will examine that experience more closely. The session will outline the international context for the NZ reforms, including high levels of trade-distorting subsidies, dumping, depressed world prices and no agreement in GATT, all of which weighed heavily on the NZ economy. This led to the key role NZ played in getting the OECD to "get on the case", resulting in the measuring, modelling and ultimately establishing a formula in GATT to start and successfully conclude agricultural trade negotiations. The macroeconomic context in New Zealand will then be explored showing that New Zealand itself was suffering from the effects of trade-distorting policies (such as fixed exchange rates, the Think Big energy projects, and high inflation) leading to a fiscal crisis. Finally, the actual impact of the agricultural reforms on the will be explored, including how it affected the sector's development. The subsidies were in place for a relatively short timeframe, so that capitalisation into asset prices did not have the same impact as in other countries but did distort the livestock sector.